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SURFACE TRANSPORTATION BOARD

November 2, 2007

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
395 "E" Street, S.W.
Washington, D.C. 20423-0001

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Security Agreement, dated as of September 25, 2006, a primary document as defined in the Board's Rules for the Recordation of Documents covering NOW OWNED AND HEREAFTER ACQUIRED rolling stock and interests in leases of rolling stock.

The names and addresses of the parties to the enclosed document are:

Collateral Agent: Deutsche Bank Trust Company Americas
60 Wall Street, 27th Floor
New York, New York 10005

Borrower: Buffalo Lake Energy, LLC
c/o BioFuel Energy Corp.
1801 Broadway, Suite 1060
Denver, Colorado 80202

Mr. Vernon A. Williams
November 2, 2007
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A description of the railroad equipment covered by the enclosed document is:

All rolling stock now owned or leased or hereafter acquired or leased by the Borrower.

A short summary of the document to appear in the index is:

Security Agreement.

Also enclosed is a check in the amount of \$35.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. Alvord', with a long horizontal flourish extending to the right.

Robert W. Alvord

RWA/sem
Enclosures

RECORDATION NO. 27224 FILED

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SURFACE TRANSPORTATION BOARD

SECURITY AGREEMENT

by and between

BUFFALO LAKE ENERGY, LLC,
as Borrower,

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Collateral Agent

Dated as of September 25, 2006

BFE Ethanol Facility Financing

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ANNEX A	Assigned Agreements
ANNEX B	Legal Names, Types of Organization, Jurisdiction, Location and Identification Numbers
ANNEX C	Project Collateral Security Instruments

SECURITY AGREEMENT (this "Agreement"), dated as of September 25, 2006 by and between BUFFALO LAKE ENERGY, LLC, a limited liability company organized and existing under the laws of the State of Delaware (the "Borrower"), and DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation, as Collateral Agent (in such capacity, and together with its successors and permitted assigns, the "Collateral Agent") for the benefit of the Secured Parties (as defined in the Credit Agreement referred to below).

WITNESSETH:

WHEREAS, the Borrower has been organized as a limited liability company under the laws of the State of Delaware to undertake the construction, completion, ownership and operation of one (1) one hundred fifteen million (115,000,000) gallons-per-year fuel grade, denatured production plant to be located in Fairmont, Minnesota;

WHEREAS, in order to finance the construction, completion, ownership and operation of the Projects and certain other costs and expenditures associated with the development of the Projects, BFE Operating Company, LLC ("Opco"), the Borrower, Pioneer Trail Energy, LLC, and Opco in its capacity as the Borrowers' Agent (as defined therein) have entered into a Credit Agreement, dated as of the date hereof (as the same may be amended, restated or modified from time to time, the "Credit Agreement"), with various financial institutions named therein from time to time, as Lenders, the Collateral Agent, and BNP Paribas, as Administrative Agent and Arranger, pursuant to which the Lenders have agreed to make certain Loans to the Borrower as provided therein;

WHEREAS, pursuant to the Credit Agreement, the Collateral Agent has been appointed to act on behalf of the Secured Parties with respect to the Collateral, including, without limitation, the Security Agreement Collateral described in this Agreement;

WHEREAS, it is a condition precedent to the making of the Loans under the Credit Agreement that the Borrower shall have executed and delivered this Agreement for the benefit of the Secured Parties;

WHEREAS, the Credit Agreement provides that the Borrowers shall enter into and maintain certain Required Hedging Agreements with Swap Counterparties in order to provide for a fixed rate of interest in respect of a portion of the Loans; and

WHEREAS, the Borrower will obtain substantial benefits as a result of the transactions contemplated by the Credit Agreement, and, accordingly, the Borrower desires to execute this Agreement in order to satisfy the condition precedent described in the preceding paragraph;

NOW, THEREFORE, in consideration of the foregoing and other benefits accruing to the parties, the receipt and sufficiency of which are hereby acknowledged, the parties hereby covenant and agree as follows:

Section 1. Definitions; Principles of Construction.

1.1 Definitions. Except as otherwise expressly provided herein, capitalized terms used in this Agreement or in any Annex hereto shall have the respective meanings assigned to such terms in Appendix A to the Credit Agreement and the rules of interpretation set forth in Appendix A to the Credit Agreement shall apply hereto. As used herein, the following terms shall have the following meanings:

"Assigned Agreement" shall have the meaning provided in Section 3.1(b).

"Assigned Insurance Policies" shall have the meaning provided in Section 3.1(c).

"Chattel Paper" shall mean "chattel paper" as such term is defined in Article 9 of the UCC. Without limiting the foregoing, the term "Chattel Paper" shall in any event include all Tangible Chattel Paper and all Electronic Chattel Paper.

"Commercial Tort Claims" shall mean "commercial tort claims" as such term is defined in Article 9 of the UCC.

"Documents" shall mean "documents" as such term is defined in Article 9 of the UCC.

"Electronic Chattel Paper" shall mean "electronic chattel paper" as such term is defined in Article 9 of the UCC.

"Equipment" shall mean "equipment" as such term is defined in Article 9 of the UCC.

"Equity Interests" means, with respect to any Person, shares of capital stock of (or other ownership or profit interests in) such Person, warrants, options or other rights for the purchase or other acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or other acquisition from such Person of such shares (or such other interests), and other ownership or profit interests in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

"General Intangibles" shall mean "general intangibles" as such term is defined in Article 9 of the UCC.

"Goods" shall mean "goods" as such term is defined in Article 9 of the UCC.

"Instrument" shall mean "instrument" as such term is defined in Article 9 of the UCC.

"Inventory" shall mean merchandise, inventory and goods, and all additions, substitutions and replacements thereof and all accessions thereto, wherever located, together with all goods, supplies, incidentals, packaging materials, labels, materials and any other items used

or usable in manufacturing, processing, packaging or shipping same, in all stages of production from raw materials through work in process to finished goods, and all products and proceeds of whatever sort and wherever located, including any portion thereof which may be returned, rejected, reclaimed or repossessed by the Collateral Agent from any of the Borrower's customers, and shall specifically include all "inventory" as such term is defined in Article 9 of the UCC.

"Investment Property" shall mean "investment property" as such term is defined in Article 9 of the UCC.

"Letter-of-Credit Rights" shall mean "letter-of-credit rights" as such term is defined in Article 9 of the UCC.

"Location" of the Borrower shall mean the Borrower's "location" as determined pursuant to Section 9-307 of the UCC.

"Proceeds" shall mean all "proceeds" as such term is defined in Article 9 of the UCC and, in any event, shall also include, but not be limited to, (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to the Collateral Agent or the Borrower from time to time with respect to any of the Security Agreement Collateral, (ii) any and all payments (in any form whatsoever) made or due and payable to the Borrower from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Security Agreement Collateral by any governmental authority (or any Person acting under color of governmental authority) and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Security Agreement Collateral.

"Project Collateral Security Instruments" shall mean the instruments described on Annex C hereto.

"Records" shall have the meaning provided in Section 3.1(j).

"Registered Organization" shall mean "registered organization" as such term is defined in Article 9 of the UCC.

"Secured Obligations" shall have the meaning provided in Section 2.

"Security Agreement Collateral" shall have the meaning provided in Section 3.1

"Supporting Obligations" shall mean any "supporting obligation" as such term is defined in Article 9 of the UCC, now or hereafter owned by the Borrower, or in which the Borrower has any rights, and, in any event, shall include, but shall not be limited to all of the Borrower's rights in any Letter-of-Credit Right (whether or not the letter of credit is evidenced by writing) or secondary obligation that supports the payment or performance of, and all security for, any account (as defined in the UCC), Chattel Paper, Document, General Intangible, Instrument or Investment Property.

"Tangible Chattel Paper" shall mean "tangible chattel paper" as such term is defined in Article 9 of the UCC.

"Transmitting Utility" shall mean "transmitting utility" as such term is defined in Article 9 of the UCC.

"UCC" shall mean the Uniform Commercial Code, as in effect from time to time in the State of New York or any other applicable jurisdiction.

Section 2. Security for the Secured Obligations. This Agreement is made to secure the full and prompt payment and performance of the following obligations and liabilities, whether now existing or hereafter arising (the "Secured Obligations"):

(a) the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all Obligations of each Borrower under the Credit Agreement and the other Financing Documents, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising and howsoever evidenced, including all interest, fees, charges, expenses, reasonable attorneys' fees and consultants' fees chargeable to any Borrower and the due performance and compliance by each Borrower with the terms thereof, and including all obligations, liabilities and indebtedness (including, without limitation, indemnities, fees and interest thereon) of each Borrower owing to any Secured Swap Counterparty under any Required Hedging Agreement, whether such Required Hedging Agreement is now in existence or hereinafter arising, and the due performance and compliance by each Borrower with the terms thereof;

(b) any and all sums advanced by the Collateral Agent or any Secured Party in order to preserve the Security Agreement Collateral or preserve its security interest in the Security Agreement Collateral;

(c) in the event of any proceeding for the collection or enforcement of any indebtedness, obligations, or liabilities referred to in clauses (a) and (b) above, after an Event of Default shall have occurred and be continuing, the reasonable expenses of retaking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on the Security Agreement Collateral, or of any exercise by the Collateral Agent and/or the Secured Parties of their rights hereunder with respect thereto, together with reasonable attorneys' fees and court costs; and

(d) all amounts as to which any Indemnified Person has the right to indemnification or reimbursement from any Borrower under any of the Financing Documents.

Section 3. Security Interests.

3.1 Grant of Security Interests. As security for the prompt and complete payment and performance when due of all the Secured Obligations now existing or hereafter arising, the Borrower does hereby assign, mortgage, pledge and hypothecate to the Collateral Agent, for the benefit of the Secured Parties, and does hereby grant to the Collateral Agent, for the benefit of the Secured Parties, a first priority continuing security interest in all the estate, right, title and interest of the Borrower in, to and under all of the following, whether now existing or hereafter from time to time acquired by the Borrower (collectively, the "Security Agreement Collateral"); provided that to the extent any of the following Collateral constitutes Account Agreement Collateral, as defined and described in the Account Agreement, such

Collateral shall be subject to and governed by the Account Agreement and shall not constitute Security Agreement Collateral for purposes of this Agreement:

(a) all Equipment, including, without limitation, fixtures, appliances, machinery, furniture, rolling stock or other equipment of any nature whatsoever, and of every kind and description, now or at any time hereafter installed in, attached to or situated in or upon any of the Trust Property, or used or intended to be used in connection with the Trust Property, whether or not the personal property is or shall be affixed thereto; all water, wastewater, sewer, storm sewer, electric, telephone communications, transmission, steam, oil, gas and related lines, systems and facilities; and other equipment similar or dissimilar, used or useable in connection with the Project and including, without limitation, all additions, accessions, substitutions and replacements of all of the foregoing;

(b) each of the agreements, contracts and documents listed on Annex A, each Additional Project Document, and each other agreement, contract or document to which the Borrower shall now or hereafter be a party, as each such agreement, contract and document may be amended, supplemented or otherwise modified from time to time (such agreements, contracts and documents, as so amended, supplemented or otherwise modified and in effect from time to time, are hereinafter referred to individually as an "Assigned Agreement" and, collectively, as the "Assigned Agreements"), including, without limitation, (i) all rights of the Borrower to receive monies due and to become due, or the return of security or collateral provided by or on behalf of the Borrower under or pursuant to the Assigned Agreements, (ii) all rights of the Borrower to receive Proceeds of any insurance, bond, indemnity, warranty or guaranty with respect to the Assigned Agreements, the Project or the Borrower, and all agreements, documents and instruments relating thereto, (iii) all claims, actions and causes of action of the Borrower, including, without limitation, all claims, actions and causes of action for damages arising out of or for breach of or default under the Assigned Agreements, (iv) any lease or sublease agreements or easement agreements relating to the Project or any part thereof or any ancillary facilities to which the Borrower is or may be a party and (v) all other rights, remedies, benefits and privileges of the Borrower under the Assigned Agreements, including, without limitation, all rights to terminate, amend, supplement, modify or waive performance under the Assigned Agreements, to perform thereunder and to compel performance and otherwise to exercise all rights and remedies thereunder;

(c) any and all of the Borrower's interest under all policies of insurance relating to any of the Collateral or the Project (the "Assigned Insurance Policies"), including, without limitation, (i) all rights of the Borrower to receive monies due and to become due under or pursuant to the Assigned Insurance Policies, including, without limitation, all insurance proceeds paid or payable upon the occurrence of an Event of Loss, (ii) all claims of the Borrower for damages arising out of or for breach of or default under the Assigned Insurance Policies and (iii) all other rights, remedies, benefits and privileges of the Borrower under the Assigned Insurance Policies, including, without limitation, all rights to terminate, amend, supplement, modify or waive performance under the Assigned Insurance Policies and to compel performance and otherwise to exercise all rights and remedies thereunder;

(d) all shares of stock or other Equity Interests in any Person (including, without limitation, all (A) securities, whether certificated or uncertificated, (B) security

entitlements, (C) securities accounts, (D) commodity contracts and (E) commodity accounts), and the certificates, if any, representing such shares or other Equity Interests and all dividends, distributions, return of capital, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares or other Equity Interests and all subscription warrants, rights or options issued thereon or with respect thereto; provided that to the extent any of the foregoing Security Agreement Collateral specified in this Section 3.1(d) constitutes the Pledgor Collateral Security, as defined and described in the Buffalo Lake Pledge Agreement, such Security Agreement Collateral shall be subject to and governed by the Buffalo Lake Pledge Agreement and shall not constitute the Security Agreement Collateral for the purposes of this Agreement;

(e) all indebtedness from time to time owed to the Borrower by any Person and the instruments, if any, evidencing such indebtedness, and all interest, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such indebtedness;

(f) all rents, revenues, issues, profits, dividends, royalties, income, commissions, products, payments, receipts, Proceeds and other benefits derived in any manner by, or payable in any manner to or for the benefit of or at the direction of, or owned, held or possessed by, the Borrower in connection with the acquisition, engineering, procurement, construction, ownership, use, possession, leasing, operation, repair, maintenance or conduct of the Project or of any of the Collateral, including, without limitation, all amounts required to be deposited in the Project Revenues Collection Account pursuant to Section 3.2 of the Account Agreement;

(g) all Governmental Approvals now or hereafter held in the name, or for the benefit, or inuring to the benefit, of the Borrower, including, without limitation, all Governmental Approvals relating to the Project or the Land;

(h) all Supporting Obligations, rights and claims of the Borrower, now or hereafter existing, under any indemnity, warranty, letter of credit, keep-well, credit support or guaranty, including those provided for or arising out of or in connection with the Project, the Collateral, any Assigned Agreement or any transaction contemplated in any Transaction Document;

(i) all information, data, plans, blueprints, designs, recorded knowledge, surveys, architectural, structural, mechanical and engineering plans and specifications, studies, reports and drawings, test reports, manuals, material standards, processing standards, performance standards, catalogs, computer and automatic machinery software and programs (whether owned, leased or licensed or to which the Borrower otherwise has any estate, right, title or interest, including, without limitation, any of the foregoing which at any time evidence or contain information relating to the Borrower, the Project or the Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon), all accounting information and all media in which or on which any information or knowledge or data or records may be recorded or stored and all computer programs used for the compilation or printout of such information, knowledge, records or data and drawings prepared by or on behalf of the

Borrower for the construction, acquisition, occupancy, use, operation, maintenance, repair or restoration of the Project or any part thereof;

(j) all books, records, invoices, ledger cards, files, correspondence, computer programs, tapes, disks and related data processing software and analytical software (whether owned by the Borrower or in which the Borrower has any right, estate, title or interest) including that which at any time evidences or contains information relating to the Borrower, any of the Collateral or the Project or is otherwise necessary or helpful in the collection thereof or realization thereupon, and all computer and other equipment containing such information (collectively, the "Records");

(k) all compensation, awards, damages, judgments, settlements, payments, rights of action and Proceeds arising from or in connection with any Taking or use or other action by any lawful power or authority by exercise of the right of condemnation, eminent domain, requisition, seizure, forfeiture or any similar action with respect to any of the Collateral, the Project or the Land (or any portion thereof);

(l) the Project Collateral Security Instruments and all rights to Proceeds, rights, remedies, benefits and privileges of the Borrower thereunder or in respect thereof, including, without limitation, all rights to make draws thereunder and all rights to any payments made pursuant thereto;

(m) all other personal property and fixtures of the Borrower, in each case whether now owned or existing or hereafter acquired or arising, or in which the Borrower may have an interest, and wheresoever located, whether or not of a type which may be subjected to a security interest under the UCC, including, without limitation, all Goods, money, receivables, Instruments, financial assets, Investment Property, investment securities, security entitlements, accounts, drafts, acceptances, contract rights, Documents, deposit accounts, Chattel Paper, General Intangibles, machinery, fixtures (including the Plants and all personal property and Improvements (as such term is defined in the Buffalo Lake Mortgage), apparatus, installation facilities, Inventory (whether of raw materials, work in progress or finished goods, and whether owned or held under lease or otherwise, and including gas and oil), copyrights, trademarks, service marks, patents, trade secrets and other intellectual property rights;

(n) all minerals, oil, gases and petroleum, including oil and natural gas, and all agreements, documents, instruments, claims and demands relating to the acquisition, procurement, possession, modification, preparation, refinement, shipping, transportation, storage, handling, use, non-use, possession, sale, assignment, conveyance, transfer or other disposition thereof;

(o) all monies and investments from time to time held by or on behalf of or under the control of the Borrower or on deposit, or intended to be on deposit, in any of the accounts (other than any of the foregoing which constitutes Account Agreement Collateral);

(p) all Commercial Tort Claims of the Borrower, whether in existence at the time hereof or thereafter or in which the Borrower may have an interest; and

(q) to the extent not included in the foregoing, all cash and non-cash products, additions, offsprings, substitutions, replacements, Proceeds and accessions of any of the foregoing or any proceeds thereof.

IT BEING UNDERSTOOD, HOWEVER, that in no case shall the security interest granted under this Section 3.1 attach to any Government Approval, lease, license, contract or agreement which does not constitute a Project Document and to which the Borrower is a party if the grant of such security interest would constitute or result in either (i) the abandonment, voiding, invalidation, revocation, termination or unenforceability of any right, title and interest of the Borrower therein or (ii) in a breach or termination pursuant to the terms of, or a default under, any such Government Approval, lease, license, contract or agreement which does not constitute a Project Document and to which the Borrower is a party (other than, to the extent that any such term would be rendered ineffective pursuant to Section 9-406, 9-407, 9-408 or 9-409 of the UCC, and only to the extent necessary so as to avoid such abandonment, voiding, invalidation, revocation, termination or unenforceability or a breach, termination or default).

3.2 Power of Attorney. Subject to the rights of the Borrower under Section 4.1(c), the Borrower hereby irrevocably appoints the Collateral Agent its true and lawful attorney-in-fact (which appointment shall be deemed to be coupled with an interest), until this Agreement is terminated and the security interests created hereby are released in accordance with Section 16 hereof, with full authority to act in the place and stead of the Borrower and in the name of the Borrower or otherwise from and after the occurrence and during the continuance of an Event of Default, which has not otherwise been waived or cured in accordance with the Financing Documents, to take any action and to execute any instrument which the Collateral Agent may deem reasonably necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, to ask, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for monies due and to become due under or in connection with the Security Agreement Collateral, to receive, endorse and collect any drafts or other instruments, documents and Chattel Paper in connection therewith and to file any claims or take any action or institute any proceedings that the Collateral Agent (acting pursuant to the instructions of the Administrative Agent) may deem to be reasonably necessary or desirable for the collection thereof or to enforce compliance with the terms and conditions of the Assigned Agreements, the Assigned Insurance Policies, any other Security Agreement Collateral and/or this Agreement. Notwithstanding the foregoing, except as required by applicable Law, the Collateral Agent shall not be obligated to exercise any right or duty as attorney-in-fact, and shall have no duties to the Borrower in connection therewith.

Section 4. Administration of the Security Agreement Collateral.

4.1 General.

(a) The Collateral Agent shall administer the Security Agreement Collateral and the Lien thereon for the benefit of the Secured Parties pursuant to the terms of this Agreement and the other Financing Documents to which it is a party.

(b) Except to the extent required by applicable Law and as provided in this Agreement, the Collateral Agent shall have no duty as to any Security Agreement Collateral or

as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any of the Security Agreement Collateral. Except as required by applicable Law, the Collateral Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Security Agreement Collateral in its possession shall be to deal with it in the same manner as the Collateral Agent deals with similar securities and property for its own account. To the fullest extent permitted by applicable Law, neither the Collateral Agent, any other Secured Party nor any of their respective affiliates, directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon any of the Security Agreement Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Security Agreement Collateral upon the request of the Borrower or otherwise. Neither the Collateral Agent nor any of its affiliates, directors, officers, employees or agents shall be responsible to the Borrower or to any other Person for any act or failure to act, except for its and their gross negligence, willful misconduct or bad faith.

(c) Subject to the provisions contained herein, in the Credit Agreement and in any other Financing Document, so long as no Event of Default shall have occurred and be continuing, the Borrower may exercise all of the Borrower's rights, interests, privileges and benefits under the Security Agreement Collateral, including its use and possession of such Security Agreement Collateral.

4.2 Borrower to Remain Liable. Anything herein contained to the contrary notwithstanding, the Borrower shall remain liable in respect of the Security Agreement Collateral, including, without limitation, the Assigned Agreements and the Assigned Insurance Policies and to perform all of the obligations assumed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof. Neither the Collateral Agent nor any other Secured Party shall have any obligation or liability in respect of or under any such Security Agreement Collateral, including, without limitation, the Assigned Agreements and the Assigned Insurance Policies, by reason of or arising out of this Agreement, and neither the Collateral Agent nor any Secured Party shall be required or obligated in any manner to perform or fulfill any obligations of the Borrower thereunder or to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

4.3 Instruments. If the Borrower owns or acquires any Instrument in excess of one hundred thousand dollars (\$100,000) constituting Security Agreement Collateral, the Borrower will within ten (10) Business Days notify the Collateral Agent thereof in writing, and, upon request by the Collateral Agent, will promptly deliver such Instrument to the Collateral Agent, appropriately endorsed to the order of the Collateral Agent.

4.4 Letter of Credit Rights. If the Borrower is at any time a beneficiary under a letter of credit with a stated amount of one hundred thousand dollars (\$100,000) or more, the Borrower shall promptly notify the Collateral Agent thereof and, at the request of the Collateral Agent, the Borrower shall, pursuant to an agreement in form and substance reasonably satisfactory to the Collateral Agent, acting on the instructions of the Administrative Agent, use its reasonable best efforts to (a) arrange for the issuer of such letter of credit (or, in the event any such letter of credit is confirmed, arrange for the confirmer of such letter of credit) to consent to

an assignment to the Collateral Agent of the Proceeds of any drawing under such letter of credit and (b) ensure that the Collateral Agent may become the transferee beneficiary of such letter of credit by the giving of a notice by the Collateral Agent to the issuer of such letter of credit, with the Collateral Agent agreeing, in each case, that the Proceeds of any drawing under the letter of credit are to be applied as provided in this Agreement after the occurrence and during the continuance of an Event of Default.

4.5 Commercial Tort Claims. If the Borrower shall at any time after the date of this Agreement acquire a Commercial Tort Claim in an amount (taking the greater of the aggregate claimed damages thereunder or the reasonably estimated value thereof) of five hundred thousand dollars (\$500,000) or more, the Borrower shall promptly notify the Collateral Agent thereof in a writing signed by the Borrower and describing the details thereof and shall grant to the Collateral Agent in such writing a security interest therein and in the Proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to the Collateral Agent acting on the instructions of the Administrative Agent.

4.6 Warehouse Receipts Non-Negotiable. To the extent practicable, the Borrower agrees that if any warehouse receipt or receipt in the nature of a warehouse receipt is issued with respect to any of its Inventory, the Borrower shall request that such warehouse receipt or receipt in the nature thereof shall not be "negotiable" (as such term is used in Section 7-104 of the UCC as in effect in any relevant jurisdiction or under other applicable Law).

4.7 Protection of the Collateral Agent's Security. Except as otherwise permitted by the Financing Documents, the Borrower will do nothing to impair the rights of the Collateral Agent in the Security Agreement Collateral. The Borrower will at all times maintain insurance, at the Borrower's own expense to the extent and in the manner provided in the Financing Documents. Except to the extent otherwise permitted to be retained by the Borrower or applied by the Borrower pursuant to the terms of the Financing Documents, the Collateral Agent shall, at the time any Proceeds of such insurance are distributed to it, apply such Proceeds in accordance with the Account Agreement and the Credit Agreement. The Borrower assumes all liability and responsibility in connection with the Security Agreement Collateral acquired by it and the liability of the Borrower to pay the Secured Obligations shall in no way be affected or diminished by reason of the fact that such Security Agreement Collateral may be lost, destroyed, stolen, damaged or for any reason whatsoever unavailable to the Borrower.

4.8 Financing Statements. The Borrower agrees, if applicable, to execute and deliver to the Collateral Agent such financing statements as are necessary or otherwise as the Collateral Agent may from time to time reasonably request or as are reasonably necessary in the opinion of the Collateral Agent acting on the instructions of the Administrative Agent to establish and maintain a valid, enforceable, perfected security interest in the Security Agreement Collateral as provided herein and the other rights and security contemplated hereby. The Borrower will pay any applicable filing fees, recordation taxes and related expenses relating to the Security Agreement Collateral. The Borrower hereby authorizes the Collateral Agent to file any such financing statements without the signature of the Borrower where permitted by Law (and such authorization includes describing the Security Agreement Collateral as "all assets" of the Borrower).

4.9 Partial Release. Upon request of the Borrower, the Collateral Agent shall within a reasonable period of time execute such documents as the Borrower may reasonably request evidencing the release of the Lien created hereby upon the Property of the Borrower which is sold, transferred or otherwise disposed of as permitted by, and in accordance with, the Credit Agreement.

Section 5. Remedies.

5.1 General.

(a) If any Event of Default shall have occurred and be continuing, then, in addition to any other rights and remedies provided for herein or which may otherwise be available, the Collateral Agent may, without demand of performance or any further demand, advertisement or notice of any kind (except as expressly provided for below in this Section 5.1), exercise all the rights and remedies of a secured party under the UCC (whether or not the UCC applies to the affected Security Agreement Collateral) and all other applicable Laws, including, without limitation, the right, to the maximum extent permitted by applicable Law, to exercise all voting, consensual and other powers of ownership pertaining to the Collateral as if the Collateral Agent were the sole and absolute owner thereof (and the Borrower agrees to take all such action as may be necessary to give effect to such right), and in addition, the Collateral Agent shall, to the maximum extent permitted by applicable Law, be entitled to:

(i) personally, or by agents or attorneys, immediately take possession of the Security Agreement Collateral (provided that the Borrower may at its own cost, after reasonable notice and during normal business hours, make copies of any Records which the Collateral Agent takes possession of under this Section 5.1(a)(i) and shall thereafter have reasonable access to such Records upon reasonable prior notice) or any part thereof, from the Borrower or any other Person who then has possession of any part thereof with or without notice or process of Law, and for that purpose may enter upon the Borrower's premises where any of the Security Agreement Collateral is located and remove the same and use in connection with such removal any and all services, supplies, aids and other facilities of the Borrower;

(ii) instruct the obligor or obligors under any Assigned Agreements, Assigned Insurance Policies or any other agreement, instrument or other obligation constituting the Security Agreement Collateral to make any payment required by the terms of such instrument or agreement directly to the Collateral Agent;

(iii) take possession of the Security Agreement Collateral or any part thereof, by directing the Borrower in writing to deliver the same (to the extent the Security Agreement Collateral is reasonably moveable) to the Collateral Agent at any place or places designated by the Collateral Agent, in which event the Borrower shall at its own expense:

(x) forthwith cause the same to be moved to the place or places so designated by the Collateral Agent and delivered to the Collateral Agent; and

(y) store and keep any Security Agreement Collateral so delivered to the Collateral Agent at such place or places pending further action by the Collateral Agent as provided herein and, while the Security Agreement Collateral shall be so stored and kept, provide such guards and maintenance services as shall be necessary to protect the same and to preserve and maintain them in good condition;

(iv) cause any action at law or suit in equity or other proceeding to be instituted and prosecuted to collect or enforce any obligations or rights included in the Security Agreement Collateral, or to foreclose or enforce any Assigned Agreement, Assigned Insurance Policy or any other agreement, instrument or document by or under or pursuant to which such obligations are issued or secured, subject in each case to the provisions and requirements thereof;

(v) exercise any and all of the Borrower's rights or remedies under any or all of the Assigned Agreements, the Assigned Insurance Policies or under any other agreement or instrument constituting part of the Security Agreement Collateral (including, without limitation, the right to take any actions thereunder in the same manner and to the same extent as the Borrower would be entitled to take, including the exercise of any rights of termination or assignment thereunder);

(vi) exercise any and all of the Borrower's rights under the Project Collateral Security Instruments, including, without limitation, requesting a draw or demanding payment thereunder;

(vii) apply the monies, if any, then held by it as part of the Security Agreement Collateral to the payment of the Secured Obligations; and

(viii) sell or otherwise dispose of the Security Agreement Collateral, or any part thereof, as provided in Section 5.1(b) and otherwise to the fullest extent permitted by applicable Law.

If, pursuant to applicable Law, prior notice of any of the foregoing actions is required to be given to the Borrower, the Borrower hereby acknowledges that the minimum time required by such applicable Law, or if no minimum is specified, ten (10) days, shall be deemed a reasonable notice period.

(b) If any Event of Default shall occur and be continuing, then, in addition to any other rights or remedies provided for herein or which may otherwise be available, the Collateral Agent may (if allowed by applicable Law) (i) incur reasonable expenses, including reasonable attorneys' fees, reasonable consultants' fees and other costs appropriate to the exercise of any right or power under this Agreement; (ii) perform or cause the performance of any obligation of the Borrower hereunder or under any other Project Document, and make payments, purchases, or contest any encumbrance, charge or lien, and pay taxes and expenses without, however, any obligations to do so; (iii) secure the appointment of a receiver of the Project or any part thereof and/or the Security Agreement Collateral or any part thereof; and (iv) without demand or performance or other demand, advertisement or notice of any kind (except

the notice specified below of the time and place of public or private sale) to or upon the Borrower or any other Person (all and each of which demands, advertisements and/or notices are expressly waived hereby), forthwith collect, receive, appropriate and realize upon the Security Agreement Collateral or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or sell or otherwise dispose of and deliver the Security Agreement Collateral or any part thereof (or contract to do so), in one or more parcels at public or private sale or sales, conducted in a commercially reasonable manner and in accordance with the requirements of applicable Law, at any exchange, broker's board or at any of the Collateral Agent's offices or elsewhere at such prices as it may, in good faith, deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Collateral Agent may, in its reasonable discretion, at any such sale restrict the prospective bidders or purchasers as to their number, nature of business and investment intention as long as such restrictions are commercially reasonable. The Collateral Agent shall have the right upon any such public sale or sales, and, to the extent permitted by applicable Law, upon any such private sale or sales, to purchase the whole or any part of the Security Agreement Collateral so sold. Each purchaser (including, if applicable, the Collateral Agent) at any such sale shall hold the Security Agreement Collateral so sold absolutely free from any claim or right of any kind whatsoever, including, without limitation, any equity or right of redemption, of the Borrower. The Borrower further agrees, at the Collateral Agent's reasonable request, to assemble the Security Agreement Collateral and, make it available to the Collateral Agent at places which the Collateral Agent shall select which is reasonably convenient to the Borrower, whether at the Borrower's premises or elsewhere. The Collateral Agent shall transfer the net Proceeds of any such collection, recovery, receipt, appropriation, realization or sale or other disposition, after deducting all reasonable costs and expenses of every kind incurred therein or incidental thereto or to the care, safekeeping or otherwise of any or all of the Security Agreement Collateral or in any way relating to the rights of the Collateral Agent hereunder, including reasonable attorneys' fees and legal expenses, to the Depositary Agent, for application pursuant to Article VI of the Account Agreement. The Borrower agrees that the Collateral Agent need not give more than 20 days' notice of the time and place of any public sale or of the time after which a private sale may take place and that such notice is reasonable notification of such matters.

(c) Instead of exercising the power of sale or other disposition provided in Section 5.1(b) above, the Collateral Agent may proceed, in its name or in the name of the Borrower or otherwise, by a suit or suits at law or in equity to foreclose the security interest under this Agreement and sell the Security Agreement Collateral, or any portion thereof, under a judgment or decree of a court or courts of competent jurisdiction.

(d) The Collateral Agent, as attorney-in-fact pursuant to Section 3.2, may in the name and stead of the Borrower, make and execute all conveyances, assignments and transfers of the Security Agreement Collateral sold or otherwise disposed of pursuant hereto, and the Borrower hereby ratifies and confirms all that the Collateral Agent, as said attorney-in-fact, shall do in good faith by virtue hereof. Nevertheless, the Borrower shall, if requested by the Collateral Agent, ratify and confirm sales or other dispositions by executing and delivering to the Collateral Agent, or to such purchasers or acquirors, all such instruments as may, in the judgment of the Collateral Agent, be necessary for that purpose.

(e) The receipt of the Collateral Agent of the purchase money paid at any such sale conducted by it shall be a sufficient discharge therefor to any purchaser of the Security Agreement Collateral, or any portion thereof, sold as aforesaid; and no such purchaser (or the representatives or assigns of such purchaser), after paying such purchase money and receiving such receipt, shall be bound to see to the application of such purchase money or any part thereof or in any manner whatsoever be answerable for any loss, misapplication or non-application of any such purchase money, or any part thereof, or be bound to inquire as to the authorization, necessity, expediency or regularity of any such sale.

(f) The Collateral Agent shall incur no liability as a result of the manner of sale or other disposition of the Security Agreement Collateral, or any part thereof, at any private sale or other private disposition conducted in a commercially reasonable manner and in accordance with the requirements of applicable Law. To the extent permitted by applicable Law, the Borrower shall have the burden of proving that any such sale or disposition of the Security Agreement Collateral was conducted in a commercially unreasonable manner.

(g) If the Proceeds of any sale or other liquidation of the Security Agreement Collateral are not sufficient to satisfy the Secured Obligations, the Collateral Agent shall have the right, without waiver of or prejudice to any other right, power or remedy it may have hereunder or as provided by applicable Law, to proceed against the Borrower for any such deficiency.

(h) All reasonable costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by the Collateral Agent in connection with (i) the exercise of its rights and remedies hereunder or under applicable Law, including in connection with any suit or proceeding relating thereto, or (ii) the performance by the Collateral Agent of any of the Assigned Agreements or the Assigned Insurance Policies pursuant to the terms of this Agreement, together in each such case with interest thereon (to the extent permitted by applicable Law) computed at a rate *per annum* equal to the Default Rate from the date on which payment first becomes due under this Section 5.1(h) to the date of payment thereof, shall constitute additional indebtedness secured by this Agreement and shall be paid by the Borrower to the Collateral Agent upon written demand.

5.2 Waivers.

(a) The Borrower hereby waives presentment, demand, protest, advertisement or any notice other than any demand or notice required pursuant to Section 5.1(h) or Section 8.1(b) (to the extent permitted by applicable Law) of any kind in connection with this Agreement or the Security Agreement Collateral or the exercise by the Collateral Agent of any right or remedy hereunder or in respect thereof.

(b) Except as otherwise provided in this Agreement, THE BORROWER HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, NOTICE AND JUDICIAL HEARING IN CONNECTION WITH THE COLLATERAL AGENT'S TAKING POSSESSION OR THE COLLATERAL AGENT'S DISPOSITION OF ANY OF THE SECURITY AGREEMENT COLLATERAL, INCLUDING, WITHOUT LIMITATION, ANY AND ALL PRIOR NOTICE AND HEARING FOR ANY PREJUDGMENT REMEDY

OR REMEDIES AND ANY SUCH RIGHT WHICH THE BORROWER WOULD OTHERWISE HAVE UNDER THE CONSTITUTION OR ANY STATUTE OF THE UNITED STATES OR OF ANY STATE, and the Borrower hereby further waives, to the extent permitted by applicable Law, and releases the Collateral Agent from:

(i) all claims, damages and demands against the Collateral Agent arising out of the repossession, retention or sale of all or any part of the Security Agreement Collateral, except any damages which are the direct result of the Collateral Agent's gross negligence or willful misconduct;

(ii) all claims, damages and demands against the Collateral Agent arising by reason of the fact that the price at which the Security Agreement Collateral, or any part thereof, may have been sold at a private sale was less than the price which might have been obtained at public sale or was less than the aggregate amount of the Secured Obligations, even if the Collateral Agent accepts the first offer received which the Collateral Agent in good faith deems to be commercially reasonable under the circumstance and does not offer the Collateral, or any portion thereof, to more than one offeree;

(iii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Collateral Agent's rights hereunder; and

(iv) all equities or rights of redemption, appraisal, valuation, stay, extension or moratorium now or hereafter in force under any applicable Law in order to prevent or delay the enforcement of this Agreement or the absolute sale or other disposition of the Security Agreement Collateral or any portion thereof, and the Borrower, for itself and all who may claim under it, insofar as it or they now or hereafter lawfully may, hereby waives the benefit of applicable Law.

(c) Any sale of, or the grant of options to purchase, or any other realization upon, any Security Agreement Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the Borrower therein and thereto, and shall be a perpetual bar both at law and in equity against the Borrower and against any and all Persons claiming or attempting to claim the Security Agreement Collateral so sold, optioned or realized upon, or any part thereof, from, through and under the Borrower.

Section 6 Remedies Cumulative; Delay Not Waiver; Etc.

6.1 Remedies Cumulative. No right, power or remedy herein conferred upon or reserved to the Collateral Agent is intended to be exclusive of any other right, power or remedy, and every such right, power and remedy shall, to the extent permitted by applicable Law, be cumulative and in addition to every other right, power and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent or later assertion or employment of any other appropriate right, power or remedy.

6.2 Delay Not Waiver. No delay or omission of the Collateral Agent or any other Secured Party to exercise any right, power or remedy accruing upon the occurrence and during the continuance of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every right, power and remedy given by this Agreement may be exercised from time to time, and as often as shall be deemed expedient, by the Collateral Agent.

6.3 Restoration of Rights and Powers. In case the Collateral Agent shall have instituted any action or proceeding to enforce any right, power or remedy under this Agreement by foreclosure, sale, entry, leasing, conveyance, assignment, transfer, other disposition, other realization or otherwise, and such action or proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Collateral Agent, then and in every such case the Borrower, the Collateral Agent and each other Secured Party shall be restored to their former positions and rights hereunder with respect to the Security Agreement Collateral subject to the security interest created under this Agreement, and all rights, remedies and powers of the Collateral Agent and the Borrower shall continue as if no such actions or proceedings had been instituted.

Section 7. Representation, Warranties and Covenants. The Borrower represents, warrants, covenants and agrees with the Collateral Agent as follows:

(a) No Other Security or Lien. As of the Closing Date, no security agreement, financing statement, mortgage, equivalent security or lien instrument or continuation statement covering all or any part of the Security Agreement Collateral will be on file or of record in any public office, except such as may have been filed or recorded by the Borrower for a Permitted Lien or otherwise filed or recorded by the Borrower in favor of the Collateral Agent pursuant to this Agreement or the other Financing Documents.

(b) Ownership. The Borrower (i) has good, marketable and indefeasible title to all of the Security Agreement Collateral in existence on the date hereof, free and clear of all Liens other than Permitted Liens and (ii) will hold good, marketable and indefeasible title to all of the Security Agreement Collateral hereafter acquired, free and clear of all Liens other than Permitted Liens and the Borrower shall defend the Security Agreement Collateral against all material claims and demands of all Persons at any time claiming the same or any interest therein adverse to the Collateral Agent.

(c) Chief Executive Office; Jurisdiction of Organization. The place of business or, if it had more than one place of business, the chief executive office of the Borrower and the place where the records of the Borrower concerning the Security Agreement Collateral are kept is at 1625 Broadway, Suite 2400, Denver, CO 80202 or at the office of the Borrower located at the Project. The originals of all documents evidencing the Security Agreement Collateral and the only original books of account and records of the Borrower relating thereto are, and will continue to be, kept at such place of business or chief executive office, or at such new location as the Borrower may establish in accordance with this Section 7(c). The Borrower's jurisdiction of organization is the State of Delaware. The Borrower shall not establish a new location for its chief executive office or change its jurisdiction of organization until (i) it shall have given to the Collateral Agent not less than forty five (45) days' prior written

notice of its intention so to do, clearly describing such new location or jurisdiction and providing such other information in connection therewith as the Collateral Agent may reasonably request and (ii) with respect to such new location or jurisdiction, it shall have taken all action, reasonably satisfactory to the Collateral Agent, to maintain the security interest of the Collateral Agent in the Security Agreement Collateral intended to be granted hereby at all times fully perfected and in full force and effect.

(d) Legal Names; Type of Organization (and Whether a Registered Organization and/or a Transmitting Utility); Jurisdiction of Organization; Location; Organizational Identification Numbers; Changes Thereto; Etc. The exact legal name of the Borrower, the type of organization of the Borrower, whether or not the Borrower is a Registered Organization, the jurisdiction of organization of the Borrower, the Borrower's Location, the organizational identification number (if any) of the Borrower, and whether or not the Borrower is a Transmitting Utility, is listed on Annex B hereto. The Borrower shall not change its legal name, its type of organization, its status as a Registered Organization (in the case of a Registered Organization), its status as a Person which is not a Transmitting Utility, its jurisdiction of organization, its Location, or its organizational identification number (if any) from that used on Annex B hereto, except that any such changes shall be permitted (so long as not in violation of the applicable requirements of the Financing Documents and so long as same do not involve (i) a Registered Organization ceasing to constitute same or (ii) the Borrower changing its jurisdiction of organization or Location from the United States or a state thereof to a jurisdiction of organization or Location, as the case may be, outside the United States or a state thereof) if (A) it shall have given to the Collateral Agent not less than forty five (45) days' prior written notice of each change to the information listed on Annex B (as adjusted for any subsequent changes thereto previously made in accordance with this sentence), together with a supplement to Annex B which shall correct all information contained therein for the Borrower, and (B) in connection with such change or changes, it shall have taken at its expense all action reasonably requested by the Collateral Agent to maintain the security interests of the Collateral Agent in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect. In addition, to the extent that the Borrower does not have an organizational identification number on the date hereof and later obtains one, the Borrower shall promptly thereafter notify the Collateral Agent of such organizational identification number and shall take all actions reasonably satisfactory to the Collateral Agent to the extent necessary to maintain the security interest of the Collateral Agent in the Collateral intended to be granted hereby fully perfected and in full force and effect.

(e) Certain Significant Transactions. During the one year period preceding the date of this Agreement, no Person shall have merged or consolidated with or into the Borrower, and no Person shall have liquidated into, or transferred all or substantially all of its assets to the Borrower.

(f) Financing Statements. The Borrower represents and warrants that, as of the Closing Date, appropriate financing statements or other appropriate instruments will have been filed under the UCC as may be necessary to perfect the security interests created and intended to be created by this Agreement to the extent such security interest may be perfected by the filing of UCC financing statements. Subject to the requirements contained in the UCC with respect to the filing of continuation statements, this Agreement creates a valid and continuing Lien on and perfected security interest in the Security Agreement Collateral in favor of the

Collateral Agent, prior to all other Liens (other than Permitted Liens of the type specified in Sections 5.12(c) and (e) of the Credit Agreement), and is enforceable as such against creditors of and purchasers from the Borrower and against any owner, lessee or mortgagee of the real property where any of the Security Agreement Collateral is located or to which any of the Security Agreement Collateral relates and against any purchaser of such real property and any present or future creditor obtaining a Lien other than Permitted Liens on such real property. Subject to the requirements contained in the UCC with respect to the filing of continuation statements, as of the Closing Date, all action necessary or desirable to protect and perfect such Lien on and security interest in each item of the Security Agreement Collateral will have been duly taken.

(g) Other Financing Statements. As of the date hereof, there is no financing statement (or similar statement or instrument of registration under the law of any jurisdiction) covering or purporting to cover any interest of any kind in the Security Agreement Collateral (other than financing statements filed in respect of Permitted Liens), and until the payment in full of the Secured Obligations and the termination of any commitments to extend any credit, the Borrower will not execute or authorize to be filed in any public office any financing statement (or similar statement or instrument of registration under the law of any jurisdiction) or statements relating to the Security Agreement Collateral, except financing statements filed or to be filed in respect of and covering the security interests granted hereby by the Borrower or in connection with Permitted Liens.

(h) Further Documentation: Pledge of Instruments. At any time and from time to time, upon the written request of the Collateral Agent, and at the sole expense of the Borrower, the Borrower will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Collateral Agent reasonably may request in order to obtain the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, (i) the filing of any financing or continuation statements under the UCC in effect in any jurisdiction and the filing of any other equivalent or similar statement or document under any other applicable Law with any other applicable Governmental Authority with respect to the Liens and security interests granted hereby, (ii) if any Security Agreement Collateral is represented by a promissory note or other instrument, the delivery of any such note or instruments duly endorsed (without recourse) and accompanied by duly executed instruments of transfer or assignment all in form and substance satisfactory to the Collateral Agent and (iii) making, executing, endorsing, acknowledging, filing and/or delivering to the Collateral Agent from time to time such lists, descriptions and designations of its Security Agreement Collateral and take such further steps relating to the Security Agreement Collateral and other property or rights covered by the security interest hereby granted, which the Collateral Agent deems reasonably necessary to perfect, preserve or protect its security interest in the Security Agreement Collateral. The Borrower also hereby authorizes the Collateral Agent to file or cause the filing of any such financing or continuation statement without the signature of the Borrower to the extent permitted by applicable Law. Copies of any such statement shall be promptly delivered to the Borrower. If any amount payable under or in connection with any of the Security Agreement Collateral shall be or become evidenced by any promissory note or other instrument, such note or instrument shall be immediately delivered to the Collateral Agent and pledged to the Collateral Agent hereunder, duly endorsed, to the extent necessary, to the Collateral Agent.

(i) Further Identification of Security Agreement Collateral. The Borrower will furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the Security Agreement Collateral and such other reports in connection with the Security Agreement Collateral as the Collateral Agent may reasonably request, all in reasonable detail.

(j) Discharge of Liens. Except as otherwise permitted in the Credit Agreement, the Borrower will not directly or indirectly create, incur, assume or suffer to exist any Lien (other than Permitted Liens) on or with respect to any Property or assets constituting a part of the Security Agreement Collateral, and the Borrower will at its own cost and expense promptly take such action as may be reasonably necessary to discharge any such Lien (other than Permitted Liens) on or with respect to any Properties or assets constituting a part of the Security Agreement Collateral.

(k) Other Assignments. The Borrower represents and warrants that it has not sold, assigned or otherwise disposed of any of its rights under any Assigned Agreement or any Assigned Insurance Policy except as provided in this Agreement. Except as permitted by Section 4.9 hereof, the Borrower will not make any other assignment or disposition of its rights under such Security Agreement Collateral.

(l) Copies of Agreements. The Borrower has heretofore delivered, or concurrently with the delivery hereof, is delivering to the Collateral Agent an executed counterpart (or a photostatic copy of an executed counterpart) of each existing Assigned Agreement listed on Annex A; and shall deliver an executed counterpart (or a photostatic copy of an executed counterpart) of each future Additional Project Document entered into in accordance with Section 5.25(c) of the Credit Agreement and each Material Additional Project Document, as they are entered into by the Borrower promptly upon the execution thereof.

(m) Project Collateral Security Instruments. On the Closing Date, the possession of the original versions of the Project Collateral Security Instruments, if any, shall be transferred to the Collateral Agent by the Borrower.

(n) Location of Inventory and Equipment. All Inventory and Equipment (to the extent of the Borrower's interest) held on the date hereof by the Borrower, is located at the Plants or is in transit to the Plants, except for any Inventory and Equipment which is not immediately required for the construction, business, use or operations of the Project in accordance with the Transaction Documents or the ability of any Borrower to timely perform any of its obligations under any of the Transaction Documents to which it is a party.

(o) Security Agreement Collateral in the Possession of a Bailee. If any Security Agreement Collateral is at any time in the possession of a bailee, the Borrower shall promptly notify the Collateral Agent thereof and, if requested by the Collateral Agent, shall use its reasonable best efforts to promptly obtain an acknowledgment from such bailee, in form and substance satisfactory to the Collateral Agent, that the bailee holds such Security Agreement Collateral for the benefit of the Collateral Agent and shall act upon the instructions of the Collateral Agent, without the further consent of the Borrower. The Collateral Agent agrees with

the Borrower that the Collateral Agent shall not give any such instructions unless an Event of Default has occurred and is continuing.

(p) Tangible Chattel Paper. The Borrower has in its possession all original copies of any Tangible Chattel Paper that constitutes or evidences Security Agreement Collateral, all of which shall be delivered to the Collateral Agent in accordance with the terms hereof. The Tangible Chattel Paper that constitutes or evidences Security Agreement Collateral does not have any marks or notations indicating that it has been pledged, assigned or otherwise conveyed to any Person other than the Collateral Agent.

Section 8. Indemnity.

(a) The Borrower agrees to indemnify each of the Collateral Agent and each other Secured Party, and, in their capacity as such, their officers, directors, shareholders, controlling persons, employees, agents and servants in accordance with and to the extent provided in Section 9.2 of the Credit Agreement.

(b) Without limiting the application of Section 8.1(a) hereof, the Borrower agrees to pay or reimburse the Collateral Agent, within thirty (30) Business Days after written demand, for all reasonable fees, costs and expenses of whatever kind or nature incurred in connection with the creation, preservation or protection of the Liens of the Collateral Agent on, and security interest in, the Security Agreement Collateral, including, without limitation, all reasonable attorneys' fees and all other fees and taxes in connection with the recording or filing of instruments and documents in public offices, payment or discharge of any taxes or Liens upon or in respect of the Security Agreement Collateral and all reasonable attorneys' fees and other fees, costs and expenses in connection with protecting, maintaining or preserving the Security Agreement Collateral and the Collateral Agent's interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or relating to this Agreement or the Security Agreement Collateral.

(c) If and to the extent that the obligations of the Borrower under this Section 8 are unenforceable for any reason, the Borrower hereby agrees to make contribution to the extent provided in Section 9.2(d) of the Credit Agreement.

Section 9. Notices. All notices, requests, demands or other communications pursuant hereunder shall be made at the addresses, in the manner and with the effect provided in Section 9.3 of the Credit Agreement or at such other address as shall have been furnished in writing by any Person described above to the party required to give notice hereunder.

Section 10. Severability. Any provision hereof which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and without affecting the validity or enforceability of any provision hereof in any other jurisdiction.

Section 11. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so

executed and delivered shall be an original, but all of which shall together constitute but one and the same instrument.

Section 12. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and permitted assigns of the parties hereto. The Borrower may not assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the Collateral Agent and any purported assignment or transfer by the Borrower without such consent shall be void *ab initio*.

Section 13. Amendment or Waiver. No provision of this Agreement may be amended, supplemented, modified or waived, except by a written instrument signed by the Borrower and the Collateral Agent (acting on the instructions of the Required Lenders or as otherwise provided in the Credit Agreement).

Section 14. Headings. The headings of the various Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 15. No Third Party Beneficiaries. The agreements of the parties hereto are solely for the benefit of the Borrower, the Collateral Agent, and the other Secured Parties and their respective successors and assigns and no other Person (including any other Project Participant, or any contractor, sub-contractor, supplier, worker, carrier, warehouseman, materialman or vendor furnishing supplies, goods or services to or for the benefit of the Borrower or the Project or receiving any services from the Project) shall have any rights hereunder.

Section 16. Termination; Release. After the payment in full of the Secured Obligations and the termination of the Commitments, this Agreement (including any provision providing for the appointment of the Collateral Agent as attorney-in-fact for the Borrower) and the Liens and security interests granted hereunder shall terminate, and the Collateral Agent, at the request and expense of the Borrower, will execute and deliver to the Borrower the proper instruments acknowledging the termination of this Agreement, and will duly assign, transfer and deliver to the Borrower (without recourse and without any representation or warranty) such of the Security Agreement Collateral as may be in possession of the Collateral Agent and has not theretofore been sold or otherwise applied or released pursuant to this Agreement. The Collateral Agent shall also execute and deliver, at the request and expense of the Borrower, upon termination of this Agreement, such UCC termination statements, and such other documentation as shall be reasonably necessary to effect the termination and release of the Liens and security interests granted by this Agreement.

Section 17. No Immunity. To the extent that the Borrower may be entitled, in any jurisdiction in which judicial proceedings may at any time be commenced with respect to this Agreement, to claim for itself or its revenues, assets or Properties any immunity from suit, the jurisdiction of any court, attachment prior to judgment, attachment in aid of execution of judgment, set-off, execution of a judgment or any other legal process, and to the extent that in any such jurisdiction there may be attributed to such Person such an immunity (whether or not

claimed), the Borrower hereby irrevocably agrees not to claim and hereby irrevocably waives such immunity to the fullest extent permitted by the applicable Law.

Section 18. Governing Law; Submission to Jurisdiction. (a) THIS AGREEMENT, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE AND MATTERS RELATING TO THE CREATION, VALIDITY, ENFORCEMENT OR PRIORITY OF THE LIENS CREATED BY THIS AGREEMENT, SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICT OF LAWS RULES THEREOF (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW), EXCEPT AS MAY BE REQUIRED BY OTHER MANDATORY PROVISIONS OF LAW.

(b) Each of the parties hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State court sitting in New York County for the purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. Each of the parties hereby irrevocably waives, to the fullest extent permitted by applicable Law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. The Borrower hereby irrevocably appoints CT Corporation System (the "Process Agent"), with an office on the date hereof at 111 Eighth Avenue, New York, New York 10011, as its agent to receive on its behalf and on behalf of its Property, service of copies of the summons and complaint and any other process that may be served in any such action or proceeding. Service upon the Process Agent shall be deemed to be personal service on the Borrower and shall be legal and binding upon the Borrower for all purposes notwithstanding any failure to mail copies of such legal process to the Borrower, or any failure on the part of the Borrower to receive the same. Nothing herein shall affect the right to serve process in any other manner permitted by applicable Law or any right to bring legal action or proceedings in any other competent jurisdiction, including judicial or non-judicial foreclosure of real property interests which are part of the Security Agreement Collateral. To the extent permitted by applicable Law, the Borrower further irrevocably agrees to the service of process of any of the aforementioned courts in any suit, action or proceeding by the mailing of copies thereof by certified mail, postage prepaid, return receipt requested, to the Borrower at the address referenced in Section 9, such service to be effective upon the date indicated on the postal receipt returned from the Borrower.

(c) The Borrower agrees that it will at all times continuously maintain an agent to receive service of process in the State of New York on behalf of itself and its Properties, and, in the event that for any reason the agent mentioned above shall not serve as agent for the Borrower to receive service of process in the State of New York on its behalf, the Borrower shall promptly appoint a successor reasonably satisfactory to the Collateral Agent so to serve, advise the Collateral Agent thereof, and deliver to the Collateral Agent evidence in writing of the successor agent's acceptance of such appointment. The foregoing provisions constitute, among other things, a special arrangement for service among the parties to this Agreement for the purposes of 28 U.S.C. § 1608.

(d) To the extent the Borrower may, in any action or proceeding arising out of or relating to this Agreement, be entitled under any applicable Law to require or claim that the Collateral Agent or any Secured Party post security for costs or take similar action, the Borrower hereby irrevocably waives and agrees not to claim the benefit of such entitlement.

Section 19. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY RELATING HERETO OR THERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE COLLATERAL AGENT AND THE SECURED PARTIES TO ENTER INTO THIS AGREEMENT AND THE OTHER FINANCING DOCUMENTS.

Section 20. Incorporation by Reference. The rights, benefits, privileges and immunities of the Collateral Agent set forth in the Credit Agreement are hereby incorporated herein by reference thereto.

Section 21. Reliance by Collateral Agent. Whenever reference is made in this Agreement to any action by, consent, designation, specification, requirement or approval of, notice, request or other communication from, or other direction given or action to be undertaken or to be (or not to be) suffered or omitted by the Collateral Agent or to any election, decision, opinion, acceptance, use of judgment, expression of satisfaction or other exercise of discretion, rights or remedies to be made (or not to be made) by the Collateral Agent, it is understood that in all cases the Collateral Agent shall be fully justified in failing or refusing to take any such action under this Agreement if it shall not have received such advice or concurrence of the Administrative Agent (acting in accordance with the Credit Agreement and other Financing Documents), as it deems appropriate. This provision is intended solely for the benefit of the Collateral Agent and its successors and permitted assigns and is not intended to and will not entitle the other parties hereto to any defense, claim or counterclaim, or confer any rights or benefits on any party hereto.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers thereunto duly authorized, as of date first written above.

BUFFALO LAKE ENERGY, LLC, as Borrower


By David S. Korndor
Name: David S. Korndor
Title: Authorized Representative

I certify that I hold the title set forth below, that this instrument was signed on behalf of the Borrower by the authority of its Board of Managers and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the Borrower. I further declare under penalty of perjury that the foregoing is true and correct.

By David S. Korndor
Name: David S. Korndor
Title: Authorized Representative

DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Collateral Agent

By 
Name: Richard L. Buckwalter
Title: Vice President

By 
Name: KERRY WARWICKER
Title: VICE PRESIDENT

ANNEX A
to
Security Agreement

ASSIGNED AGREEMENTS

<u>Description of Contract</u>	<u>Date Executed</u>
Limited Liability Company Agreement of Buffalo Lake Energy, LLC	September 21, 2006
Access Agreement to be entered into between Buffalo Lake Energy, LLC and Cargill, Incorporated	When executed and delivered
Corn Supply Agreement between Buffalo Lake Energy, LLC and Cargill, Incorporated	September 25, 2006
Future Advisory Agreement to be entered into between Buffalo Lake Energy, LLC and Cargill Commodity Services, Incorporated, a Delaware corporation, doing business as Cargill Direct	When executed and delivered
Corn Supply Start-up Agreement to be entered into between Buffalo Lake Energy, LLC and Cargill, Incorporated	September 25, 2006
License Agreement between Delta-T Corp., a Virginia corporation, and Buffalo Lake Energy, LLC	August 6, 2006
Distillers Grains Marketing Agreement between Buffalo Lake Energy, LLC and Cargill, Incorporated acting through its the Non-Grain Feed Ingredients Business Unit	September 25, 2006
Agreement for Engineering, Procurement and Construction between Buffalo Lake Energy, LLC and TIC – The Industrial Company Wyoming, Inc., a Wyoming corporation	June 9, 2006
Escrow Agreement between Buffalo Lake Energy, LLC, Pioneer Trail Energy, LLC, Deutsche Bank Trust Company Americas and Cargill, Incorporated	September 25, 2006
Ethanol Marketing Agreement between Buffalo Lake Energy, LLC and Cargill, Incorporated	September 25, 2006

Buffalo Lake Gas Supply Agreement(s) to be entered into between Buffalo Lake Energy, LLC and the gas supplier named therein	When executed and delivered
Gas Supply Representation and Management Agreement, to be entered into between Buffalo Lake Energy, LLC and Cargill, Incorporated	When executed and delivered
Gas Transportation Services Agreement to be entered into between Buffalo Lake Energy, LLC and Northern Border Interstate Pipeline Company, a general partnership	When executed and delivered
Engineering, Procurement, and Construction Agreement to be entered into between Buffalo Lake Energy, LLC and Center Point Energy, Incorporated, a Texas corporation, or Cornerstone Energy, Incorporated, a Nebraska corporation	When executed and delivered
Grain Facility Lease between Buffalo Lake Energy, LLC and Cargill, Incorporated	September 25, 2006
Master Agreement between Buffalo Lake Energy, LLC, Cargill, Incorporated and Cargill Commodity Services, Incorporated, a Delaware corporation, doing business as Cargill Direct	September 25, 2006
NAESB Base Agreement for the Purchase and Supply of Natural Gas to be entered into between Buffalo Lake Energy, LLC and Cargill, Incorporated	When executed and delivered
Operation, Management and Maintenance Services Agreement, if entered into, to be entered into between Buffalo Lake Energy, LLC and an operator to be named therein	When executed and delivered
Rail Car Exchange Agreement to be entered into between Buffalo Lake Energy, LLC and Cargill, Incorporated	When executed and delivered
Management Services Agreement between Buffalo Lake Energy, LLC and Biofuel Energy, LLC or one of its Affiliate(s) (other than Pioneer Trail Energy, LLC or BFE Operating Company, LLC)	When executed and delivered
Rail Car Lease Agreement to be entered into between Buffalo Lake Energy, LLC and Trinity Industries Leasing Company, a Delaware corporation	When executed and delivered
Risk Management Agreement to be entered into between	When executed and

Buffalo Lake Energy, LLC and Cargill, Incorporated	delivered
Property Purchase and Well Development Agreement by and among City of Fairmont, Minnesota, Economic Development Authority and Buffalo Lake Energy, LLC	September 23, 2005
Temporary Power Agreement by and between Buffalo Lake and Federated Rural, Incorporated	When executed and delivered
Option to Purchase Agreement by and between Kathleen M. Mosloski, Trustee of the Blossom Mary Spencer Irrevocable Trust dated December 31, 1996, and Kathleen M. Mosloski, Trustee of the Bernard Spencer Irrevocable Trust dated December 31, 1996 (collectively " <u>Spencer</u> ") and Cargill, Incorporated, as assigned in the Assignment and Assumption of Option to Purchase Agreement, by and between Cargill, Incorporated and Spencer; as subsequently amended and assigned in the Amendment, Assignment, Assumption and Termination of Option to Purchase Agreement by and between Spencer, Cargill, Incorporated and Buffalo Lake Energy, LLC	August 25, 2005, as assigned June 30, 2006 and as subsequently amended and assigned, June 30, 2006
Option to Purchase Agreement, by and between Dorie J. Schwieger, a single person, and Dorie J. Schwieger, as personal representative of the Estate of Robert A. Schwieger and Cargill, as assigned in the Assignment and Assumption of Option to Purchase Agreement, by and between Cargill, Incorporated and BioFuel, LLC, as further assigned in the Assignment and Assumption of Option to Purchase Agreement, by and between BioFuel Energy, LLC and Buffalo Lake Energy, LLC	September 7, 2005, as assigned June 30, 2006 and August 2, 2006
Option Agreement, by and between CHS, Inc. and Cargill, Incorporated, as amended pursuant to the Amendment to Option Agreement by and between CHS, Inc. and Cargill, Incorporated, and as assigned in the Assignment and Assumption of Option to Purchase Agreement between Cargill, Incorporated and Buffalo Lake Energy, LLC	January 23, 2006, as amended February 24, 2006, as assigned September 13, 2006
Development Contract, by and between the Fairmont Economic Development Authority, the City of Fairmont and Buffalo Lake Energy, LLC	September 23, 2005
Consent to be granted by Union Pacific Railroad Company permitting Cargill, Incorporated to sublease	When executed and

certain property owned by Union Pacific Railroad Company, a Utah corporation, to Buffalo Lake Energy, LLC	delivered
Confirmation provided by TIC – Holdings, Inc., a Colorado corporation, in favor of Travelers Casualty and Surety Company of Americas, relating to the bonds provided to Buffalo Lake Energy, LLC by TIC – The Industrial Company Wyoming, Incorporated, a Wyoming corporation, pursuant to the Agreement for Engineering, Procurement and Construction, dated as of June 9, 2006	When executed and delivered
To the extent assignable, all Additional Project Documents, and other agreements, contracts and documents to be entered into	When executed and delivered

SCHEDULE OF LEGAL NAMES, TYPE OF ORGANIZATION
(AND WHETHER A REGISTERED ORGANIZATION AND/OR
A TRANSMITTING UTILITY), JURISDICTION OF ORGANIZATION,
LOCATION AND ORGANIZATIONAL IDENTIFICATION NUMBERS

Exact Legal Name of the Borrower	Type of Organization	Registered Organization? (Yes/No)	Jurisdiction of Organization	Borrower's Location (for purposes of NY UCC § 9-307)	Borrower's Organization Identification Number (or, if it has none, so indicate)	Borrower's Transmitting Utility? (Yes/No)
Buffalo Lake Energy, LLC	Limited Liability Company	Yes	Delaware	Delaware	4012373	No

ANNEX C
to
Security Agreement

PROJECT COLLATERAL SECURITY INSTRUMENTS

The Performance and Payment Bond (the "Payment and Performance Bond") provided to Buffalo Lake Energy, LLC, as Obligee, by TIC - The Industrial Company Wyoming, Inc., a Wyoming corporation, as Principal, and Federal Insurance Company, an Indiana corporation, Travelers Casualty and Surety Company of America, a Connecticut corporation, and Fidelity and Deposit Company of Maryland, a Maryland corporation, each as a Surety, pursuant to the Agreement for Engineering, Procurement and Construction between Buffalo Lake Energy, LLC and TIC - The Industrial Company Wyoming, Inc., together with the Dual Obligee Rider to the Performance and Payment Bond by and among Buffalo Lake Energy, LLC, as Primary Obligee, TIC - The Industrial Company Wyoming, Inc., a Wyoming corporation, as Principal, Federal Insurance Company, an Indiana corporation, Travelers Casualty and Surety Company of America, a Connecticut corporation and Fidelity and Deposit Company of Maryland, a Maryland corporation, each as a Surety, and Deutsche Bank Trust Company Americas, as Collateral Agent.

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: 11 / 2 / 07



Robert W. Alvord